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NEWS RELEASE

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Auditor of State David A. Vaudt today released a report on a special investigation of the City of Bloomfield Volunteer Fire Department for the period July 1, 2006 through June 30, 2010. The special investigation was requested by the Davis County Attorney after concerns regarding the Department's financial transactions were identified.

Vaudt reported the special investigation identified \$113,958.76 of unsupported and improper disbursements and undeposited collections. The \$113,008.76 of unsupported and improper disbursements identified includes \$104,181.67 of unsupported disbursements and \$8,827.09 of improper disbursements. The undeposited collections consist of \$950.00 of cash withheld from deposits to the Department's bank accounts.

The \$104,181.67 of unsupported disbursements identified includes \$70,465.87 of compensation to Department members. Members were to be paid for each call and meeting they attended during the calendar year, but no documentation was available to support the amounts paid to the members.

The unsupported disbursements also include \$300.00 for fire extinguishers purchased from a business owned by the Department's former Fire Chief, Robert Hougland, \$173.35 paid to the Department's former Treasurer, Craig Scott, and \$33,242.45 paid to vendors for items such as meals and food for members, automotive parts and payments to a photo studio.

The \$8,827.09 of improper disbursements identified includes \$4,996.00 of cash withdrawals and related fees. Bank documents show \$4,720.00 of this amount was withdrawn by Mr. Scott. The remaining \$276.00 of withdrawals and related fees identified were withdrawn from 2 automated teller machines (ATMs) in Bloomfield and an ATM in Las Vegas. It was not possible to determine who made the withdrawals.

Other improper disbursements identified include \$528.42 paid on a personal car loan established in the name of Mr. Hougland. The improper disbursements identified also include \$1,489.88 of payments to Mr. Hougland and \$1,310.06 of payments to Mr. Scott. In addition, personal purchases were identified, including DVDs, fuel and a purchase at an adult bookstore.

Vaudt reported it was not possible to determine if any additional improper disbursements were made or if all donations, fundraiser proceeds and insurance proceeds were properly deposited because adequate records were not available.

In addition, Vaudt reported the Department did not issue 1099 forms during the period the investigation as required by Internal Revenue Service (IRS) regulations.

Vaudt also reported a desktop computer was located at the Department. A laptop computer and an external hard drive were also obtained from Mr. Scott's residence. The computers were the property of the Department and may contain financial data or other records related to the operation of the Department. However, the data was not readily accessible because the computers were secured with passwords. To determine if the computers contained any relevant data and to recover any data that may have been previously deleted from the computers, they were provided to the Division of Criminal Investigation (DCI) for analysis. As of the date of this report, DCI's analysis has not been completed. Had the analysis been completed, additional information may have been available.

The report also includes recommendations for the City and the Department to strengthen internal controls, such as improvements to segregation of duties, maintaining supporting documentation for all expenditures, issuing IRS Form 1099 to Department members who receive \$600.00 or more in a year and maintaining adequate financial records, including ledgers, receipt books and bank reconciliations.

Copies of the report have been filed with the Davis County Attorney's Office, the Davis County Sheriff's Office, the Division of Criminal Investigation and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/1020-0242-BE00.pdf>.